

THE

PRESENT MANAGEMENT

—OF THE—

READING RAILROAD,

—AS IT AFFECTS THE—

COAL REGIONS, THE COAL MINERS AND CONSUMERS.

BY

F. A. HERWIG,

POTTSVILLE, SCHUYLKILL CO., PENNA., APRIL, 1879.

PRICE, 25 CENTS.

For sale by W. B. Zieber, N. W. corner 3d and Walnut Streets, John M. Davis
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БИБЛІОГРАФІЧНА ІНФОРМАЦІЯ

СВОДИКУ МІСІОНІЯ

— 1980 —

МІСІОНІСТІВ У СВІТІ

INTRODUCTORY REMARKS.

It is now ten years since Mr. F. B. Gowen assumed control of the Philadelphia and Reading railroad as its president. In that time he has worked a complete revolution in the coal trade and the coal region of Schuylkill. His operations have been of a gigantic and imposing nature, the magnitude of which astounded every one, and there were many who knew him previously, and were therefore aware that he had given ample evidence of being void of business qualifications, though he was an able and adroit lawyer. "He has been led by others who *are* business men, but whose conduct, to use a mild term, has been seriously reprehensible." He has been, and is to-day, the tool of British bankers and brokers. In his management he has been unscrupulous and reckless, until he has the company and coal region, both in a most deplorable condition; individual enterprise well nigh killed altogether, and completely subject to his arbitrary will; the individual operators on their last legs, and the workingmen in a state of subjection galling to the hearts of freemen.

The stock and bondholders have had their champions who have shown up his mismanagement in vivid colors, and have prepared the way for the down-fall of his rotten fabric. Like all who wield power and control wealth, he has his apologists and defenders, who in many cases would, for the crumbs that fall from his table, sell their birthright and defile themselves and their neighbors with the worst kind of slavery. But when the master will be hurled from his throne, as he surely will be ere long,, these will appear in their true light as time servers. The bubble is already bursting notwithstanding his assurances that all is sound. It is not usual for men of his stamp to acknowledge failure until they are overwhelmed by it. The managers of the Bank of Glasgow deceived the public to the last day, and Jacob Huntzinger, who is in jail for conspiracy, did the same. Late events have shown conclusively that there is no reliance to be placed in assurances of that kind.

Mr. Gowen has become the tool of a despicable ring, which seems to have fortified him against all attacks. This makes him bold and domineering, heeding not the cries of distress that come up from the thousands of innocent stockholders in this county, who invested their little savings in Reading stock, allured by the promised 10 per cent. dividends, and from the workingmen, business men, and individual coal operators whom he is crushing with an iron heel and impoverishing to benefit the few leeches in England—the bankers and brokers who are manipulating the bonded debts of the company. All but a few favorites are made

to feel the blighting effect of monopoly. To add insult to injury spies are put over the people of the coal region to intimidate them, and prevent them from combining for lawful redress. His recent attack upon the Knights of Labor was a sample of this. It was cowardly and infamous, as will be shown, and would never have been made had he not believed that he had completely overawed or subsidized the avenues through which an injured people could obtain redress. The truth remained hidden. Had it been laid bare as it should have been, it would have shown Mr. Gowen in his true light of a coward and a calumniator. But the press was silent, justice dormant, and this method was the only one left by which the side of the people could be championed, and the cause of the ruined coal regions laid before a sympathizing public.

It is the purpose of the following pages to tell the truth without fear or favor, show the character of the Knights of Labor, and to show how Mr. Gowen's policy as a corporation manager affects every man, woman and child in the coal region. I dare him to answer me fairly, without his usual "ifs" and "buts," or his dirt slinging which he calls argument. He may call me an agitator. I admit it in advance, but will say that I would at all times rather be an agitator for the oppressed people of the coal regions and the innocent, but misguided stockholders, than to be like him the agitator and tool for a few London bankers and brokers.

I invite a careful reading of the following pages, promising that the public will find in them facts and figures never before laid before the public, and that must interest every one at all interested in the welfare of the people.

F A. HERWIG,

POTTSVILLE. Schuylkill Co., Penna., April 1879.

THE ATTACK ON THE KNIGHTS OF LABOR.

It must strike the intelligent man as somewhat singular that of all the managers of coal corporations, Mr. F.B. Gowen is the only one who is constantly waging paper battles with the men in his employ. Is it for pastime? It would appear that he had better use his spare hours in doctoring up his sick corporation. Is he the hireling of the others—of Sloan, Hoyt, Dickson and Packer—to whom such work must be distasteful? Is it because he alone has to contend with labor organizations? Every one knows that such is not the case. Is it that he is desirous to establish for himself the fame of a “Bismarck of Pennsylvania?”—he is rapidly succeeding. He presents the spectacle now of a despot trying with an iron hand to suppress the discontent his own folly has created.

His recent onslaught upon the Knights of Labor is but an effort in that direction. His policy has had the effect to drive people of the Schuylkill region, irrespective of occupation, nationality or creed, to combine for self-preservation and protection. Hence the organization of the Knights of Labor, which to-day counts among its members thousands of the best and most law-abiding citizens of the county, and in this respect will compare favorably with any society or lodge in the country. In point of respectability it stands the equal of Mr. Gowen himself, or of any organization he belongs to. For the first time in the history of the labor troubles in Schuylkill he has not the miners alone to contend with. A good deal of the wealth and business of the region forms the bone and sinew of the society. It could never, by any possible means, become dangerous to the peace of the region or state; but its very laws and inner workings of necessity make it a conservator of law and order. The interests represented in it are too diversified that it should ever cause any injury to any class or particular interest in the region. On the contrary it claims to be a protector of these varied and diversified interests, and they are determined that neither Mr. Gowen, nor any other monopolist, shall continue to wantonly destroy these interests. The more intelligent miners saw that to allow these monopolists to go on unrestricted in their mad career of destruction, was to invite a recurrence of the scenes of July, 1877, elsewhere enacted. Hence the society was formed that the battle, when it does come, as it must, might be a peaceable one. This proposition is borne out by the conduct of the miners during the riots of 1877, and Mr. Gowen's own commendation of it. Its purpose and aim as an order is to advance

the moral and intellectual standard of the working men, to teach men not to make war upon legitimate capital lawfully controlled for the public and private good ; to avoid and prevent strikes, and to draw distinctly the line of the rights of labor, and when these are known and thoroughly appreciated, to show men the right way to maintain them peaceably. It must and will maintain the rights of labor against monopolists that are dangerous to workingmen and individual capitalists alike. If Mr. Gowen's policy was an honest one he would have nothing to fear from such an organization ; but as it is it forms a great stumbling block in the road of his ambition. His unbusiness-like management has plunged him into the vortex of ruin, and unscrupulously he proposes to get himself out if he encompasses the ruin of the entire coal region by it. Here then we have one very cogent reason why every law-abiding citizen of the coal regions, who has the welfare, aye the very liberty of himself and neighbor at heart, should enrol himself in this order, and that they are doing so despite the assaults of Mr. Gowen, and his satraps is attested by the daily increase of membership made up too of the very best of material ; hence his venom against it. He says he will not tolerate a labor organization in the Schuylkill region ; but he little understands the temper of the people. He tries to make the world believe that the employees of the company are contented and satisfied with his treatment of them, and that the murmurs of discontent come only from selfish leaders and agitators. No one knows better than himself that this is an error. It would be better even for himself to let the truth be known. Its concealment can do no one any good. The miners have made enough progress in intelligence in the last ten years to judge matters for themselves, and they will not be led by agitators. The signs of discontent are spontaneous and widespread. They are sometimes led too little. His charge of conspiracy he attempts to fortify with the insidious story of the " McNulty Gang," which in effect is a libel upon the whole people of the region. When challenged for the proof, he rises on his dignity, and, believing evidently that he had so completely overawed or subsidized the avenues through which an injured people could obtain redress, defiantly refuses to give it, lest it be discovered that the " McNulty Gang" was composed of and by a set of hired desperadoes or detectives, for the very purpose of furnishing ground for the blackening the character of a lawful and honorable order, and of defaming the people of the region.

The character of the Order is such that even Mr. Gowen should hail its existence in the coal regions with delight as a most important factor in the preservation of the peace and of law and order in the region. Discontent, riots and tumults are never the result of perfect freedom, nor of the innate wickedness of the populace, but oppression and injustice are always the father of them.

It will not do for Mr. Gowen to say that the Order is in bad hands or run by bad men. Let him produce the evidence. So far it has committed no breach of order or decorum and never will. It has made Mr. Gowen pay the men promptly their wages, and it has prevented his sly purpose of bringing the miners down to the same condition the railroaders were in when they accepted his shinplasters for pay.

The miners were determined to show him that he could not exact forced loans from them as he did from the railroaders. They worked hard for scanty wages and they must have their cash. Was there anything wrong in that? And is not every business man pleased with it?

We have Mr. Gowen's own evidence in his many effusions on paper, bearing out the fact that the mining population is by no means predisposed to lawlessness. Hence we must look to other causes than the natural wickedness of the miners for the present undercurrents of discontent in the region. They are many, and in nine cases out of ten directly attributable to Mr. Gowen's policy and his understrappers, and do not affect the employees alone, but every inhabitant in the county, as will be shown further on. Such was the cause that led to his recent dastardly tirade against the Knights of Labor. The pay of the mine workers was in arrears two months and was likely to run into the third. The entire region was stagnated because it almost entirely depended upon the money that was, and is, passing to and from the miners. The business men had given credit until they could do so no longer, and yet the ears of Mr. Gowen were closed to all appeals for succor. He would not even give credit for their freight bills to those men who were feeding his employees, knowing that they had to wait until it pleased him to pay. Committees that were sent to lay these grievances before him were refused a hearing, on the specious plea that they were interfering with his corporation's business. Behold the high and mighty whom you dare not ask for your money, long over due, lest you be sent to jail for interfering with his business. At last forbearance ceased to be a virtue, and the society at its general meeting, by delegates, resolved that the past due wages must be forthcoming by the 15th of February, otherwise the members of the order would cease work on the day following, and a committee was appointed to notify Mr. Gowen of this resolution and take steps to enforce it. Mr. Gowen again put on his dignity cap and refuses to meet the committee, because they were not miners themselves and were interfering with his business. The committee now had recourse to the only means left to fulfill the mission they were entrusted with by the order, and that was to publish the resolution in the public press. This had the desired effect, for it brought the paymaster around livelier than he had ever come before, and the effect was felt from the

miner to the wholesale dealer in the city who had outstanding bills among the merchants of the county. Do you see now how Mr. Gowen affects other people besides the miners?

This raised his ire at once, and he burst forth his spleen against the Knights of Labor and the committee. The latter he says were interfering with business outside of their legitimate callings. They were not miners hence they had no right to interfere. He denies the right of any but employees of the company to treat with him (and yet he invariably refuses them a hearing as well), forgetting that his policy affects every man in the region more or less directly, and that since he assumed the role of dictator over the Schuylkill region in 1872, he has never made any distinction between the employees of the company or individuals, when sending forth his edicts with reference to their organizations or dictating terms. How then is he to be approached? Not at all! Bismarck is not more haughty and unapproachable. He evidently holds that the people of the coal regions have no rights which he is bound to respect, and have no grievances which he is bound to hear.

In November last, the following petition was circulated and signed by over 6,000 mine workers, most of whom were employees of the company:

**TO FRANKLIN B. GOWEN, PRESIDENT, AND TO THE STOCKHOLDERS
OF THE PHILADELPHIA & READING COAL & IRON CO.:**

SIRS:—We the employees at your coal mines, met in general session (by delegation), at Frackville, Schuylkill Co., Pa., on Friday, November 1st, 1878, for the purpose of taking action that might place the subjoined signers in a better position and bring about a more harmonious condition of affairs during the coming year and also to secure a representation of our interests at the next meeting of the Coal Combination.

We desire to lay before you a statement of the desperate condition to which we are reduced and request certain changes in regard to your dealings and actions toward us. We submit that we, your employees, labor under the following grievances, to wit:

1st. That under the present system of basing the rate of wages on the tolls, we do not receive an equitable proportion of the profits accruing from the sale of coal.

2d. That under the present system we do not have any representation or consideration, that our interests are not consulted, and therefore we have no reason to believe we are justly dealt with.

We therefore, in convention assembled, *Resolved* as follows:

That we demand the abolition of the present percentage system and the basing of wages on tolls and the substitution of the \$2.50 basis as a minimum.

Resolved, That we elect a committee of two from this body to

present these petitions and to confer with the company in regard to future action.

The following correspondence then took place :

MAHANOY CITY, Dec, 9th, 1878.

F. B. GOWEN, Esq.; President P. & R. Coal & Iron Co.,

DEAR SIR :—We, the undersigned, have been selected as a committee by the workingmen of this (Schuylkill) county to wait on you at your office in Philadelphia, and present petitions requesting certain changes in your dealings with them. Would you be kind enough to let us know when you will give us a hearing ?

Yours Respectfully,

M. A. LEARY, Mahanoy Plane,

T. D. JAMES, Mahanoy City,

Committee.

P. & R. C. & I. COMPANY,

General Office 227 S. 4th Street.

PHILADELPHIA, Dec. 14th, 1878.

M. A. LEARY, Esq., Mahanoy Plane, Pa.,

DEAR SIR :—I have a communication signed by you and T. D. James, asking for an interview with me on behalf of workingmen. I should be glad to know in what department of the company you and Mr. James are employed, *and where you work*, and, upon being advised of this, I shall make further reply to your letter.

Very Respectfully,

F. B. GOWEN, President.

MAHANOY PLANE, Dec. 18th, 1878.

F. B. GOWEN, Esq., President P. & R. C. & I. Co.,

DEAR SIR :—Your letter of the 14th inst. received, and in reply would say that myself and Mr. James have been selected by the Workingmen's General Council of this (Schuylkill) county, to wait on you at your office in Philadelphia, and there present to you petitions requesting certain changes &c., &c.

We have said petitions prepared and signed, but do not want to go to Philadelphia unless we are sure of an interview with you immediately on arriving there. I am not employed by your company. Mr. James is employed at mining at a colliery operated by your company. A definite answer to our letter of Dec. 9th, requesting an interview and naming sometime this month, if possible, would be thankfully received by

Yours respectfully,

M. A. LEARY.

P. & R. C. I. COMPANY,

General Office 227 S. 4th Street,

PHILADELPHIA, Dec 20th, 1878.

MR. M. A. LEARY, Mahanoy Plane,

DEAR SIR:—I have your letter of the 18th, and as we have nothing whatever to do with the Workingmen's General Council, and as that council has certainly nothing to do with us, I must decline to have any further intercourse with you on any subject pertaining to the affairs of the company.

Very Respectfully,

FRANKLIN B. GOWEN, President.

Does he claim the right to dictate to the Order whom they shall delegate to do their work? They claim the right to decide for themselves, in their own way, whom they shall trust in these matters, be they wheelwrights, miners, dentists, tobacconists, barbers, or what not. Nor dare he deny the right of business men, mechanics, or professional men to accept such trusts, for would not that be the best of evidence that he had no right to accept the management of a railroad or mining corporation? "People living in glass houses should not throw stones." Have not Mr. Gowen's understrappers, however, made it necessary that no miners should be selected for such committees, for do we not know that every one such who for some years past made himself at all prominent in labor organizations, has been in some way victimized and persecuted? Is it not known that when the late president of the Miners' Union, Mr. John Welsh, now a member of the legislature, driven to it by the sufferings of his family, sought work at their hands, he could only obtain it upon giving a pledge not to agitate, or have anything to do with labor organizations in the regions? Must a man become a slave or starve? This committee exercised nothing more or less than delegated powers, and performed delegated duties, and their several occupations had nothing whatever to do with the matter in dispute, no more at least than Mr. Gowen's being a lawyer had to do with it. If they were out of their element, he certainly was equally so. If they were not miners, neither was he, and yet none of them ever bursted a mining firm or a mining corporation. Can he say that much for himself? The past has shown him doing the one, and the future will prove whether he has done the last. Himself is the embodiment of delegated powers and privileges, secretly shaped, and arbitrarily and despotically exercised. His corporation is the essence of surrendered and delegated powers and privileges, which, traced to their source, will be found to have their origin in the people alone who cannot tolerate any corporation except by surrendering powers and rights which are their inalienable possession. Hence, if you, Mr. Gowen, proclaim your right to proceed in your career of spoliation, unrestricted by the people whose surrendered rights and powers you are exercising, and whose dearest interests you are crushing with an iron heel, you are treading on dangerous

ground ; you are setting yourself up as the vilest of despots ; you are heaping coals of fire on your own head, and inviting the wrath of a wronged and defrauded people. Remember that when the representatives of the people, in 1870, surrendered and delegated the rights of the people by granting your charter, the latter never meant that their manhood and liberties should be also surrendered.

But Mr. Gowen, whether he knew the composition of the Order of the Knights of Labor or not, knew that to attack it openly or directly was a job that would end in his own discomfiture, because it was by no means vulnerable or liable to suffer by a fair and square attack. Hence he resorted to his favorite mode of paper warfare, of stabbing it in the back by casting upon it the odium of criminality, and, unable to do this directly, he cast about to find a chance to do so by a backbiting process. His fertile brain now conjured up the now celebrated "McNulty Gang," which even if it existed, had about as much connection with the Order of the Knights of Labor as the Molly Maguires had with Mr. Gowen.

Having gone thus far what is to hinder him from giving a similar dose to any other secret benevolent society in the region ? Even if it were true that the said "gang" were all "Knights of Labor," which is utterly false however, it remains for him to prove the connection between the two, and this he cannot do. He must show that the "gang" met as Knights of Labor, in a meeting place of the Order, or that the Order had the remotest knowledge even of its existence. Among the names of the "gang" he publishes there are some who might easily belong to the Odd Fellows, Druids, Knights of Pythias, Ivorites, Masons or any other like Order, and yet what would the members thereof say if for that simple reason their order were to be published to the world as gangs of breakers, burners, rioters, &c., and yet it would be as true of them as it is of the Knights of Labor. The writer has belonged to several of such orders and he dares to say openly and above board that none of them are more respectable, decent or liberal in their membership, work or principles than the Knights of Labor. Hence all attempts, by whomsoever made, to break it up and annihilate it, will be as futile as were those to break up and annihilate the Masons and the Odd Fellows. The principles underlying it are as broad and pure as those of the best society ever organized. They are as pure and grand, and if anything less radical than those that underlie the Christian Socialists of Germany - an organization that was founded and fostered by the Roman Catholic Bishop Ketteler, of Mayence, and which to-day counts among its leaders some of the most noted Catholic clergymen and noblemen of Germany, especially of Bavaria. Its members are not obliged to withhold anything concerning the Order from their religious advisors. Where then is there room here for unlawful conspiracy or criminality. Is anything more needed to refute Mr. Gowen's sinister

allegations. Yes, Mr. Gowen, you once succeeded, when you was fighting the late Miners' Union, in crushing out a worthy organization by setting nationality against nationality, creed against creed, and by falsely casting ódium upon it for the purpose of creating public sentiment against it. But you must try some other tactics now, for the old dodge is worn threadbare. The experience of the entire community of the region, since the downfall of the Union, has been a bitter one, and has served to teach all classes of the people what they have lost in its destruction, and what they had to expect from you in the absence of a labor organization formed for the protection of the workingmen, and, through them, of men of all other pursuits. Since the wages of the miners has gone down so low, and the monopolizing influences of the corporation, through you, has crippled or crushed out almost every individual enterprise in the region, and it has therefore come so far that the main support of the entire community depends upon the wages paid the mine workers. Even those who formerly were the most bitter in their denunciations of labor unions, now see that it was they that kept up the wages, and prevented them from lowering more rapidly, and hence were just in that degree a benefit to the whole people ; for what ever curtails the power of the miner to purchase, injures the business men, and is thus directly or indirectly felt by all. Labor unions, if rightfully conducted, are therefore a public benefit, especially in localities where grasping corporations hold sway.

Almost daily one hears the proposition advanced that capital was compelled to combine to combat the agressions of labor, but why forget that the more compact the combination of capital becomes under the control of tyrants like Gowen, the greater becomes the necessity for labor to combine for self-preservation and protection. In his Atlantic City speech, July 29th, 1875, Mr. Gowen said he was "taught to believe that it was simply monstrous to give a corporation such powers as we now possess." Soon he forgot the teachings of his democratic fathers, and set himself to work to wield these very monstrous powers to the injury of the public and to the danger of our very liberties. His conduct has clearly demonstrated the great dangers attending the failure to rigidly restrict the powers of artificial persons and bodies politic, and there will be no safety for the people until these powers are brought within legitimate bounds.

When about to enter into the coal and iron speculation, he stated that it was necessary to place the coal trade in stronger hands, as the frequent strikes of the miners were reducing the production and consequently injuring the business of the railroad company and every one in the region. Many of his satraps repeated the story until it was generally believed, and a prejudice wrongfully arose against the miners. But Mr. Gowen was either ignorant of his

company's business or he uttered a wilful falsehood; for in all these years of strikes the company's earnings and the production and shipments of coal steadily increased, running the former from \$11,142,519 in 1865, to \$14,832,661 in 1873; and the latter from 3,090,814 tons in 1865, to 6,546,553 tons in 1873.

Thenceforth Mr. Gowen formed the Coal Combination, and both the receipts of the company and the production and shipments of coal decreased rapidly, the former from \$14,452,121 in 1874 to \$11,539,593 in 1878, and the latter from \$6,348,812 tons in 1874 to 5,909,140 tons in 1878. Here is the indubitable evidence that the strikes of the miners were not an injury either to the company or the business of the region when judged by Mr. Gowen's standard, but that on the contrary those inaugurated by Mr. Gowen himself, under the refined name of suspensions, were the only ones that worked an injury and loss to the same. One by one his statements fall to pieces.

That Mr. Gowen has made his corporation a grasping and dangerous monopoly is susceptible of easy demonstration, as is also the further fact that he has not only ruined the corporation itself, but also blighted the prospects of the entire region. To prove this will be the further purpose of this pamphlet. To do it so that even the most ordinary intellect can grasp the subject in its entirety, a brief synopsis of the state of affairs previous to Mr. Gowen's entry upon the scene as a railroad president will be necessary. He had then already become somewhat famous as a lawyer and district attorney of Schuylkill county and as a bankrupt coal operator. Whether these things were what recommended him to the stockholders as a giant among railroad managers, is a thing known only to themselves, but this much is generally known that he is destined to become famous as the greatest railroad masher of the age. In respect to cleaning out the stockholders his fame may yet rival that of the famous George Law of the Mississippi Bubble.

BEFORE THE WAR.

It is a notorious fact that previous to the late war the mine workers of the anthracite coal region were little better off than the slaves of the south. Labor was deemed to have no rights except abject submission to whatever the employers might decree, and woe to the workingman who would have the temerity to claim his right to set a value upon the commodity (his labor,) which he had to sell as well as the merchant or other business man fixes the price of what he deals in. In short it was commonly held that in the labor market there was but one side that had any right to make and fix terms. To recite but a small portion of the impositions practiced upon the workingmen, and the many galling acts of injustice done to them, would make a volume as large as the Bible. Suffice it

to say that the acts of that kind that came under the observation of the writer in his residence of 26 years in Schuylkill county and which were galling enough to cause a heart as hard as a flint to gush out with sympathy for the poor, down-trodden wretches, may be counted by the hundreds. I do not pretend to say that the wrong was all on one side, or that the workingmen always used their employers right ; but I do emphatically say that had the employers treated their workingmen as became their pretended superior intelligence, the acts of justice and right would have been reciprocal. All who know anything of the mining population must acknowledge that no set of employes can be found the world over who are more mindful of their employer's interest than the miners. This is certainly not, and cannot be the case when they are treated like unthinking maniacs, and to be brutalized over when they dare to assert their manhood. I might here give instances upon instances, if it were necessary, where miners rushed in at the imminent peril of their lives to save the property of their employers from destruction in cases of fire, &c., and yet how few have been the public acknowledgements or thanks for such noble deeds ! Since Mr. Gowen has assumed control of the region such heroic deeds have been abundant, and yet he, who is ever so ready to rush into the public prints with vituperations against the miners, has yet for the first time to acknowledge publicly his obligations to them for acts of that kind ; but let some evil disposed person, be he who he may, do or threaten an act of violence, which every miner in the region knows to be against the public good, and more especially against his own interests, and as such condemns it, and let Mr. Gowen's own acts prove with what alacrity he rushes into the public prints with a venomous intent to saddle the blame and infamy upon the entire mining community. Who does not remember how assiduously he labored during the time the old Miners' Union was in existence, to fasten every Molly Maguire murder and outrage upon that organization so as to create public sentiment against it, and yet in his speech subsequently in the trial of Munley for murder, he openly confessed himself a prevaricator by saying that he knew all the time that the miners of Schuylkill county were a law-abiding people. Here he himself exploded his former attempt to make the public believe that the Molly Maguires and Miners' Union were one and the same thing, and convicted himself as the wholesale libeller of thousands of as good men as he himself ever dare be. In view of these facts what fair-minded or unprejudiced man can place any faith or belief in his new charge upon the Knights of Labor contained in his *expose* of the " McNulty Gang."

Suppose we grant that Mr. Gowen for the time being had a fit of truth-telling, and that such a "gang" really existed, and was criminal in its character, and that he knew it, does that fact not

convict him of suborning crime? His first and bounden duty was to bring them to justice. His failure to do so is *prima facie* evidence that such a gang did not exist, or, as stated above, that he is a suborner of crime. Choose ye, Mr. Gowen, between the character of a suborner of crime, or a libeller. But enough of this for the present. We will treat the subject further on under a separate head. We will now attempt to give a concise history of the formation of the

MINERS' AND LABORERS' BENEVOLENT ASSOCIATION.

Above was given a brief resume of the condition of the miners previous to the war. During the period from 1861 to 1865 the price of coal ruled enormously high and operators made fortunes rapidly. Wages of miners went up slowly, never keeping pace with the advances in the price of coal, and then, in nine cases out of ten, the miners obtained an advance only by striking or threatening to strike. In April, 1865, a general stoppage for the month of May was agreed upon by the operators, with a view of forcing a reduction of wages, and these reductions became gradually more and more frequent and were as frequently resisted by the men, on the ground that they were greater than the fall in the price of coal warranted. Local strikes multiplied rapidly until they became harrassing to the trade. Whenever these strikes occurred large bodies of the men and boys would parade the streets, and often in the excitement commit acts of which in their calmor moments they were ashamed. The careful observer of all these troubles could not fail to see that a great many of them was caused by the stiffness of the operators, who throughout showed no disposition to treat with the miners upon equitable terms or upon equal footing, but invariably held that all the latter had to do was to submit and work, and that to ask for an advance of wages and stating the reasons for the demand was interfering with the operators' business. The latter to be able to more effectually control the men now formed the "Schuylkill Coal Exchange," which met periodically with closed doors, and which had for its object the mutual protection of the operators. One of its rules was that if the miners of one colliery struck for any cause whatever, a list of all the men employed in and about it shall be made and printed, and a copy sent to each of the 87 operators forming the Exchange, and each and every one of them was obliged to refuse work to any man whose name was found on the lists. This capped the climax. The miners now felt themselves compelled to unite for mutual protection, and to avoid the constant local jars alluded to between operators and miners. Meetings

were held in various localities of the county which resulted in the formation of the "Miners' and Laborers' Benevolent Association." Under it each colliery was organized into a branch, and the county was divided into a number of districts. The first demand of this organization was to settle all disputes concerning wages on a "basis." This basis was that when coal brought \$3.00 per ton at the shipping point, the wages of miners and laborers should be at a certain figure, and for every 3 per cent. of a rise in the price of coal wages should advance 1 per cent., and for every 3 per cent. decline below the basis of \$3 per ton, wages should drop 1 per cent. For the purpose of keeping the price of coal at or above \$3 per ton at all times, which arrangement would have been as beneficial to the operators as the miners, there was to be a general suspension of mining operations whenever prices were down, until the market was emptied and prices advanced per consequence. The basis arrangement was agreed to, but for offering the plan of suspensions the miners were denounced as ignorant rabble, both by the operators and Mr. Gowen, who now entered upon his career as a railroad president. Formed in 1869, the Miners' Union, as the organization now became known, continued until the opening of 1875, when a struggle between Mr. Gowen and it, which lasted nearly six months, resulted in its collapse.

MR. GOWEN'S ENTRY.

As stated above Mr. Gowen had by this time entered upon his career as the president of the Philadelphia and Reading railroad company, under a reputed contract to squeeze out a ten per cent. dividend, in consideration of which he was to receive an annual salary of not less than \$30,000.

It is evident that he had then already formed the plan of creating the great mining corporation as an auxiliary to the railroad company, for he was scarcely warm in the presidency when he already went into the legislature with the "Laurel Run Improvement Company Bill," which was nothing more nor less than a gigantic swindle, as its true purpose was concealed under a false name, there being no such a stream as the Laurel Run anywhere in Schuylkill county. The bill chartered a corporation without any capital stock, but unlimited power to issue bonds and with the proceeds buy up everything in Schuylkill county from a pig sty to a coal breaker. After the charter was obtained the name was changed by the court to the Philadelphia and Reading Coal and Iron Company, and operations were at once commenced under it by the purchase of lands and collieries, the owners of which were anxious to get rid of them. The charter provided that any railroad company that would guarantee the bonds could become the owner of the coal and iron company. The development of this gigantic scheme under Mr. Gowen's management took everybody by surprise, especially those who knew

him, as it was well known that the only thing that recommended him as a mine manager was his having been bankrupted as the operator of one of the best collieries in Schuylkill county. He had however formed a grand plan, and at once set himself to work to carry it out on the grandest possible scale. The reasons he had urged for requesting the passage of the Laurel Run bill, were that unless his railroad obtained the same privileges of owning lands and mining coal that the Luzerne and other companies had, and which were already encroaching upon the territory traversed by his railroad, he could not compete with the rest and would finally be robbed of the best portion of his trade. Now unless he bought up the lands and mines, his charter for the coal and iron company would not be worth the paper it is written on. Now there was one way of going into the market to buy them up, and thus drive up the prices, which would certainly not answer, except where personal friends were to be the recipients of a bounty, and there was another way of making the owners sick of their holdings and anxious to sell out at any price. The latter was preferable under the circumstances, and from a corporation standpoint, Mr. Gowen had already the power to fix the tolls, and these were kept high enough to form the nether mill-stone to do the grinding. He set himself up as the great Mogul of the region. In 1872 the individual operators committed the grevious error of appealing to him, to intercede in their behalf, in their dispute with the miners about the wages basis. He disclaimed any intention to interfere, but suggested a compromise which was accepted. This he found to be so admirably adapted to further his interests that from that time out he took the whole matter into his own hands, and arbitrarily dictated terms to both sides. At one time when the operators acceded to the terms of the men, and were anxious to continue work, he raised the toll to \$6 per ton from Port Carbon to Philadelphia, less than 100 miles. The result was the bankrupting of a number of operators whose collieries at once passed into the hands of the company. The plan was to advance money to operators, or give them credit for toll, until they became deeply indebted to the company, and then foreclose and absorb the collieries. While we cannot disguise the fact that ill-advised actions on the part of the miners often harrassed individual operators, and helped to sicken them of the business, it yet appeared, to the careful observer of events, that certain subtle influences, that appeared to have their source in high quarters, were often at work to cause these troubles. For four years while the process of concentration of the coal trade in the hands of the company continued incomplete, Mr. Gowen failed to make any onslaught upon the Miners' Union, but treated and bargained with them upon something like equitable terms, recognizing its committees &c. and meeting them often upon terms of equality. But the close of the year 1874 found the concentrating process so far completed as to give him unlimited control of the region, and he at once announced his de-

termination no longer to tolerate any labor organizations in the region, and decreed the disruption of the Miners' Union.

Why this sudden resolution at a time when this organization had become almost perfect, and there was therefore no danger of its doing any mischief? Was it in the interest of peace? It was during the time of its existence that Schuylkill county was freer of crime than ever before, or than it was immediately after its collapse. While it lasted—five years—not a single murder was committed in the county, whilst immediately following its downfall crime became rampant in the region. Well, it appears that it had served its part of Mr. Gowen's purpose enveigled by his adroit manipulations. He had use for it; for what could have been his motive to contribute money toward establishing a newspaper organ for it in Pottsville? His snares were well laid and now and then caught a bird. We have already seen that his coming into the market for coal lands was sure to run up the prices unless circumstances would favor the purchaser by tireing out the seller. Here is one motive.

But the time came when the organization could no longer be manipulated. In his speech in July, 1875, before the legislative investigating committee, he named several columns of outrages in a way to create the idea that the Miners' Union was responsible for them. He then already broke it up, for he had no longer any purpose to subserve by it. But he subsequently refuted his own allegations as to any criminality on its part. In view of this how can his charges against the Knights of Labor be believed.

During all this time he continued to purchase more lands and mines; some of which were almost worthless, and the proceeds from which have never been sufficient to pay the interest on the purchase money and the taxes. About this time was planned the great undertaking of sinking the Pottsville shafts. These were to be the acme of engineering skill, and evidently were to show the great qualifications of Mr. Gowen, as a miner, and so it did indeed; for it mined an enormous sum of money out of the treasury of the corporation, but it can scarcely be said to be a success in any other respect. This is but another evidence of what great mining successes a lawyer may achieve if he puts himself down to it. He evidently forgets the old adage of "shoemaker stick to your last," until he finds a chance to fling it at somebody else.

The debts of the corporation were piled up higher and higher until it was found that he had got into a hole. His fame as a smasher of labor organizations was now well established, although his purposes in that direction were only accomplished by what may be termed infamous deeds, and it now became evident that he was to become equally famous as a railroad smasher. Dividends ceased to be paid, but the stockholders were no longer of any account. Mr. Gowen had succeeded admirably in making the bondholders the masters. The interest on the loans grew up rapidly, but had to be met. In this dilemma but two ways

seemed to suggest themselves to Mr. Gowen's fertile brain. Instead of aiding the people of the region in their enterprises and thus creating good home customers both for the road and the coal company, he at once used all his power and resources to crush out every individual enterprise, and either monopolize them or make them tributary to his corporation. He offered to back any individuals or companies that would erect furnaces or other iron works along the line of the road, with at least half of the capital required. How he has done this the idle works that stand to-day as monuments of his faithlessness and rapacity testify. How he redeemed his pledge to the legislature to benefit Schuylkill county, is shown by the many idle foundries and machine shops all over the county that used to, previous to his rule, resound the busy hum of industry in the dullest of times. Yea, had the Egyptian blight come over the region it could not have been much worse than the Gowen blight that did come over it. Every interest suffers under it, and every man, woman and child in the region is affected by it.

He has taken away from the foundries, machine shops, and hardware-merchants their trade. He has driven the Central Express company almost entirely out of the region, and is charging enormous prices for hauling express goods to localities where he has no opposition. One fact will fit here showing the dishonesty of his operations. Before he monopolized the express business he carried the packages containing newspapers free for newsdealers, but the moment he gobbled up the business he charged for the same. Thus he injured the business of one of his best customers. He is now monopolizing every telegraph wire in the coal region, and soon he will establish an espionage over the private-telegrams of the people. These actions so far from benefiting the company are a direct injury to it, as they are destined to call into the region the very opposition lines he thought to keep out by his monopoly. *The business men are using every endeavor to give their patronage to rival lines of railroad, and are urging opposition lines to run their lines into the region.*

But Mr. Gowen promised to give the consumers cheap coal, which his resources would enable him to do. Here again he counted without his host, for he failed to remember that his resources depended upon credit, and that the interest was an element of strength the wrong way. He failed to see this until he tried it, and then the fact was patent to many who never professed to run a railroad, (into the ground) now for the first time dawned upon his bright intellect. Now he must either disappoint the stock and bondholders and appear in his true light as a corporation smasher, or break his pledge to the consumer. But what cared he for pledges or promises, for is not the path of his career strewn as full of them as leaves in autumn. He at once set his traps to catch the other coal kings, that they might, with him as the guiding spirit, form

THE COAL COMBINATION.

The price of coal had fallen, though not so much as to cause any very serious losses, and especially not so low but what it would have left the corporation and operators a fair profit if the railroad had put its tolls down to a reasonable figure, and if Mr. Gowen's boasted resources were real. But such they were not. Hence the only remedy to his mind was to force up the price of coal and bring the wages of miners and railroad hands down, thus compelling the employees on the one hand and the consumers on the other to pay for his folly. What was more natural than for the employees to resist these reductions of wages, seeing that the price of coal was going up, the tolls were going up, passenger fares and freights as high as ever? Was it justifiable to ask them to bear the load that was crushing down the corporation without any fault of theirs? Here we have an instance of stockholders, workingmen and consumers being squeezed to death all for the benefit of the bondholders, who, come what may, must have their pound of flesh, and who alone are thus exempt from the general depression.

That there may not be the least doubt on this head, the figures are here given. It must be borne in mind that the average price of coal at New York for the entire year 1872, which was considered a good year, was \$3.70 per ton. These are figures of the auction sales. Evidence under oath was given before the legislative investigating committee, appointed to investigate the charge of conspiracy on the part of Mr. Gowen, by a number of operators, some of whom claimed that they made money at those prices, and others that 25 or 30 cents more per ton would have made the trade remunerative. Now we will agree to fix the price at \$4 to start out with, and this furnishing a good profit. 1872 was the last year of the auction sales. In the beginning of 1873 the combination was formed, and the price of coal was forced up to an average of \$4.90 per ton, or 90 cents more than a fair profit, besides the profit derived from the reduction of wages. In 1874 they forced up the price to \$5.13 per ton. In 1875 the price was fixed at about the same as in 1874. But wages went down all this time. A fair computation will develop the fact that the coal companies realized an extra profit of upwards of \$70,000,000 out of this forcing of prices alone. What became of this money is a mystery, for it is notorious that all except one—the Pennsylvania Coal Co.—paid dividends with borrowed capital for some years past.

These exactions caused the consumers to bolt, and the result was that the combination went under the tide in August, 1876. Then Mr. Gowen made a public statement that his loss was over \$2,000,000, the result of the compact, and that he would never enter another one. From August, 1876, to the end of 1877, he went it on his own hook, and then claimed to have found out that competition was injurious to his company's exchequer. Again he made overtures for a new compact and was success-

ful, and the year 1878 was destined to show once more how combination rule affects the workingmen and consumers.

Now if it is a conspiracy punishable with imprisonment for workingmen to combine to secure for themselves better wages, why is it not a conspiracy for the managers of six coal companies to combine for the double object of forcing down wages, and at the same time compel consumers to pay inordinate prices for their coal. Yet Mr. Gowen, the head and front of every conspiracy against the consuming public, is forever prating about conspiracies of the workingmen and threatening the law. Woe be unto him, however, when the day comes for the majesty of the law to assert itself, and when equal and exact justice will be meted out to high and low alike, and until that day comes he will rule the people of Schuylkill county with an iron rod. He will yet discover that these people have rights which he is bound to respect. His propensity to fire paper bullets will not save him from the inevitable doom of every tyrant. He shall not have a Brutus, but he shall find that public sentiment is more sharp and effective than the dagger of the assassin. He seems to forget that the very charter under which he works could only be secured by the surrender by the people, through their representatives, of certain rights and privileges which they alone could possess in their individual capacities. Hence the corporation could only exist by the sufferance of the people, and yet he who commands the creature is almost daily overreaching himself and his powers by presuming to tyrannize over the creators. It is not enough that he has driven them into the miseries of poverty, but he would rise, to add insult to injury, by dictating to them what societies they dare or dare not organize or join in with.. No despot of Europe ever presumed more. Is freedom and citizenship a farce? Have the people surrendered their rights and privileges that a despot may lord it over them? Does he draw his inspirations from the American stockholders whom he has ruined, or from the British bondholders whom he is fattening?

But the combination of 1878 was by no means the success its predecessors had been, as least so far as forcing up of prices was concerned, and at the close of the year he again said that it was a losing arrangement for him, and yet he was willing to enter a new one at once. The manner of its failure is too fresh in the minds of the people to need any mention here.

The year 1878 was a most disastrous one to the Schuylkill region. At the outset of it, when Mr. Gowen found the Combination an established fact, he issued an order changing the entire system of the wages basis which had been in vogue since the establishment of the Miners' Union in 1869. Thenceforward the wages were to be regulated by the tolls he was charging for the transportation of coal. This was a very nice arrangement for himself, but a terribly hard one for the miners and individual operators who did a good deal of growling thereat but nothing

more. It left the individual operators no alternative but to stand a fleecing all around. It placed them at the mercy of the great "I Am" without resource or appeal. As coal went up, Mr. Gowen raised the tolls which advanced the wages, but taking nothing off the coal he mined himself, and carried to market, gave him a double rise on all coal he hauled for the individual operators, who were thus left with very little or no profit at all from the advance of prices, for the rise in tolls and wages together left them nothing over. In fact he is the worst competitor the Schuylkill operators have to contend with. He pays not the least regard to their interests. Even now he forces them to shut up their mines because he is selling coal at prices that will not cover their expenses of mining. And yet this man tells you, tells the people of the Schuylkill region that they dare not speak in condemnation of this infamous policy that acts like a blight upon the entire community. You are mistaken Mr. Gowen when you suppose that the business men, mechanics, professional men and all others in Schuylkill county shall stand idly by while you apply the whip lash upon them over the shoulders of the miners and laborers and individual operators. O, no; they know that they are pinched. They know who pinches them, and, depend upon it, they will pinch the pincher. Thus then was redeemed the promise to give the consumers cheaper coal, by making them pay, for the period of three years, an average of \$1.30 per ton more than the price of 1872, or an average of \$1 per ton more than the price that would have left the trade handsomely remunerative, even with higher wages at the mines.

Now to this seventy millions of extra profits, which these corporations managed thus to gobble up, must be added the extra profits arising out of the reduction of the wages of all the employees, and the fall in the prices of all mining material such as iron, timber, &c. The whole of these extra profits, all the result of the Combination, which effectually destroyed competition, did not fall far short of a hundred million dollars. Where did the Reading company's share of this vast sum get to? During the greater part of the time no dividends were paid, and the rolling stock of the railroad as well as the machinery was worked down until they are not worth half as much as they were when Gowen took hold of them.

Nothing of it came back in any shape to the Schuylkill region upon which the company must mainly rely for a return of its vast expenditures, and to foster which and make it prosperous in every way would certainly increase the revenue of the company. On the contrary we have seen that during all this time it was drained to the dregs, until it became so impoverished as to make many localities almost a "howling wilderness" indeed. One of the great causes of this was the

IMMENSE DEBT OF THE COMPANY.

The Coal and Iron Company was created as a corporation on credit entirely. Notwithstanding that it owns 154,000 acres of land, and nearly 100 collieries, its tax on capital stock does not amount to one-third as much as that of the Philadelphia Coal Company, which owns but four collieries and no land at all. Mr. Gowen projected a loan of \$60,000,000, and at present the debt is variously stated at one hundred to one hundred and twenty millions of dollars for the two companies. This vast sum requires about \$7,000,000 per annum for interest, (some put it higher even,) which sum divided among the people of the three counties, Schuylkill, Columbia and Northumberland, is equal to \$40 per annum for every man, woman and child in them. It is unnecessary to worry the reader with the exact figures here, but an explanation of how this operates upon the public and drains the region, will not be out of place here, and how Mr. Gowen's policy has had just the contrary effect to what he had expected and bragged of. It is well known that he promised the stockholders great things from his coal and iron scheme. They were all to be made suddenly wealthy. With one swing of his magic wand he would conjure the fabulous wealth that was hidden beneath the hills of Schuylkill into their pockets. Yes, he is an expert at drawing glowing pictures and inspiring hope. No sooner did the first symptoms of failure show themselves, than he invented the plausible excuse that the panic interfered with the success of the scheme, and yet his utterances continued to be shaped so as to inspire more confidence, and sink the concern deeper into the inextricable net of indebtedness. The fact is that had but a tithe of the hopes and expectations which he had in the scheme been realized, the corporation would certainly not be in its present straits. But Mr. Gowen had soon forgotten what was in the coal business although he had learned it by experience. There were many things he had not foreseen. When once he got his fingers into the pie, he had to eat the whole of it whether palatable or not. Among the properties purchased were many very undesirable ones, and this proceeded partly from a want of knowledge and partly from necessity. The corps of officials was large, high salaried and in many cases incompetent for the places they filled. In short the borrowed money was lavishly expended. The indebtedness grew rapidly larger and the income beautifully less, as did also the prospects of keeping out of the way of a growing debt. Soon came to be realized the fact that those in whom Mr. Gowen had inspired the hope of becoming Croesus (the stockholders,) had to be sent off without any return on their investments at all. The bondholders rapidly absorbed the stockholders, and the great promiser felt himself compelled to shape his policy in behalf of the former. The interest must be paid come weal or woe, and to do it the mine workers,

individual operators, stockholders and consumers must be squeezed and bled.

The amount required for the payment of interest is more than one-third of the gross income of the two companies. Where is the business man who does not see in this an evidence of insolvency. In addition to this the floating debt, which was funded about two years ago at the expense of an increase of nearly one million dollars in the annual interest, has now again accumulated until with the script paid to the railroaders, it is again up to nearly, if not quite, \$8,000,000. Nor are there any signs of this diminishing, but on the contrary there is every prospect of its steady increase. But Mr. Gowen felicitates himself upon the idea that three years of fair business would extricate the company out of the difficulty and enable it to resume dividends. How far he is mistaken here let the fact that he ceased paying dividends right in the midst of the three best years the company had, when very high prices were obtained for coal and tolls were proportionably high, demonstrate.

Yet there is a way that he can do it, and that is by really making the Schuylkill region a "howling wilderness," and to do this it is necessary that the people of the region shall continue as docile as lambs, submitting to every imposition. But the people are awaking to the fact that the \$40 per capita that is squeezed out of the region to make up the interest, comes out of their pockets, and the consequence is that they begin to look upon the collapse and downfall of the present corporation as an event to be hailed with delight, as being the only means by which this bleeding process may be stopped. It is an utter impossibility for the region to prosper so long as this indirect tax of \$40 per head is exacted from it. Under good management, with no debt to contend with, this \$7,000,000 per annum would be returned to the region in some shape for improvements of some kind, and would make it prosperous, and in just that degree redound to the benefit of the corporation, as Mr. Gowen shows in the following extract from his last annual report. He says that in 1878 there was "a decrease of railway receipts from merchandize and passengers, owing to diminished output of coal." His past policy, however, having made this better course almost impossible, he must needs continue his oppressions of the public, so as to avoid the crash and save his fame as a manager. One of his characteristics as a manager is that he is always making promises and predictions that are as often destined to remain unfulfilled. Thus when he went into the first coal combination he tickled the miners and business people of the region, by predicting a flush of high wages and steady work in consequence of the restrictions on production which would insure high prices. The latter did come but the former Mr. Gowen had evidently forgotten, for the rise in wages never half compensated for the idle time, and the people began to wonder whether they

had not been sold, and Mr. Gowen, in practicing the folly that he had condemned and abused the men for suggesting previously, was not making an ass of himself. Yet the very next year he repeated the same nonsense, and the same again the year following. Indeed it required three and a half years of practical demonstration to convince his astute mind that he was playing a losing game; but in the meantime he annually assured the stockholders that everything went on lovely, and the combination was a wonderful success. And yet you call that good management. If good management consists in covering up your failures with plausible stories, then he is master of his art, and deserves to rank with the highest in the land. Then after trying open competition for a year and a half he comes to the conclusion that he again holds the losing hand, and to convince the stockholders that his promise of better profits was only interfered with by outside and unforeseen events, he assures them that the price of coal somehow went down too low, and that he was going to retrieve their fortune by once more giving the combination a trial. This trial bore the most disastrous results to the region and the company. It caused widespread distress throughout the region and created a deficit in the company's accounts. In the meantime Mr. Gowen kept up a periodical blarneying of the men. So soon as he decided upon one line of policy he promised them fair wages and steady work from it. When that failed he promised them the same good things from a directly opposite policy, and so forth, to the end of the chapter; but no one has as yet derived any benefit whatever from this vacillating policy except the bondholders to whom it secured their interest. The periods of the combination were always attended by periodical suspensions, which soon became known as "Gowen's strikes," and so soon as the people came to discern that there was no material difference between the strikes of the men and those of the managers, they began to see that they had gained nothing by assisting to put the saddle on the other horse. These suspensions soon had the further effect of showing

MR. GOWEN AS A VIOLATOR OF THE LAW.

Under the law all railroad companies are or should be common carriers, who are bound to transport all goods at any time offered for such transportation by individuals or other corporations. For the purpose that they might be a public convenience they were chartered. Any charter that exempts a corporation from one scintilla of these restrictions is antagonistic to the constitution and public rights. These are points of law as well established as anything can be, and yet Mr. Gowen has violated them as often as he has fingers and toes, and in doing so has given death blow after death blow to every individual enterprise in every section permeated by the Reading railroad.

In 1871, when after a protracted dispute between the individual operators and miners concerning the wages basis, the operators were ready to accede to the demand of the miners, he advanced the toll to \$6 per ton, which amounted to a prohibition and caused an inordinate advance of the price of coal. Under the rules of the combination whenever the coal market showed symptoms of a decline a general suspension of mining operations was ordered, and during the time of such suspension he utterly refused to ship any coal to market, no matter whom he would bankrupt by such refusal. Private interests were scarcely ever consulted in ordering these suspensions, and private firms could have ever so many contracts for coal that would thus be interfered with, yet Mr. Gowen was inexorable. Not a pound of coal would he haul, and many operators were thus driven into bankruptcy. Mr. Packer of the Lehigh Valley Company, never personally entered these combinations, giving as a reason that the law compelled him to transport coal or any other merchandize, and that if he refused at any time to haul goods it would work a forfeiture of his charter. But Mr. Gowen is less scrupulous, and sets himself above the law. The legislative investigating committee appointed in 1875, to investigate him on the charge of conspiracy, after being feasted and excursioned over the county, reported that no act of conspiracy was proved against him and his corporation, but if the charter had not already been granted, no Legislature would, in the light then existing and past events, grant it. Now that was singular; for if there was nothing wrong, what ground could there be for refusing a charter, and if there was sufficient ground for refusing the charter, why was there not ground for its forfeiture? This was but another act of a contemptible and corrupt legislature.

The combinations were injurious alike to the company, the consumers and the region. The frequent suspensions of production caused an increase of the cost of mining that was scarcely made up by the increase of the price of coal. Collieries are always costly concerns even in idle times, as will be seen by the following table prepared from Mr. Gowen's report of the business of 1878:

Month.	Coal mined by company	Cost of coal per ton in cars under breaker.
December 1877.....	361,829.06	\$.95 1-10
January 1878.....	99,935.63	2.38 1-10
February, 1878.....	65,680.18	3.12 9-10
March, 1878.....	90,224.06	2.16 4-10
April, 1878.....	189,983.03	1.26 7-10
May, 1878.....	240,057.06	1.14
June, 1878.....	333,193.06	1.07 5-10
July, 1878.....	191,880.03	1.36 7-10
August, 1878.....	341,129.00	1.10 8-10
September, 1878.....	139,736.11	1.49 5-10
October, 1878.....	299,268.02	1.10 5-10
November, 1878.....	378,590.14	.81 8-10

It will be readily seen which were the months of suspension, and that the more coal was mined the cheaper the production per ton. Hence the consumers were made to pay high prices without any benefit to the company itself. The aggregate loss to the company in the four months—January, February, March and September—when the production was smallest, was \$438,989.14, and in the other months the increase of profits to both companies kept even pace with the increase of production and shipments. The miners fared still worse. Their increase of wages was very slight, and the frequent stoppages of work left them little more than half as well off as they were in the year 1877, when wages ruled about 10 per cent lower. This cannot be said to be fair usage of the consumer who thus really pays for the lost time.

The wealth of Schuylkill is its coal, and it has a right to expect some return for all that is taken out. Yet, since Mr. Gowen has taken control of the region the great bulk of this mineral wealth has been diminished by many millions of tons, and the region has nevertheless been gradually sunk in poverty and bankruptcy. Gradually the best part of the mines is being worked out, making it necessary to sink down deeper and thus making the natural cost of mining greater all the time. At the present rate of production this state of affairs will be upon the region in less than five years, and will serve as a very serious drawback to Mr. Gowen's expectation that three years of fair business will lift the company out of its dilemma, and enable it to resume dividends. He must be aware that the prospect for what may be called a fair business in the coal trade is yet somewhat remote, and that even should it come this natural increase of cost of mining, coupled with an increase of wages of the miners, which will certainly be enforced to the fullest extent so long as a well organized Labor Association exists, will somewhat interfere with the rose-colored prospects he pictures to the company. But he is determined to remove any drawback in that line, if it is in his power so to do. The first he cannot remove unless he has the power to control nature, and the last he has resolved to conquer if in doing so he has to trample under foot the dearest rights of humanity. For this purpose he is calling to his aid every agency calculated to make slaves of men. While he handles and exerts the great powers of associated wealth, he designs to crush out associated labor whatever form and purpose it may assume. He has decreed that he shall be inquisitor and absolute dictator over all whom chance throws under his sway, and that none dare to hold up heads, and claim a voice in what is as much their right as his. Like the slave-holders of the south he has his spies and eaves droppers among the people, that he may be ready to have the whip lash applied the moment the first murmur against oppression is heard. Men whose sacred duty it is to teach

men the exalted duties and responsibilities of freedom, unfortunately too often lend themselves as instruments in this despicable work of making oppression more galling, and thus not only hastening but making more severe the retribution that is sure to come. England heard not the complaints and grievances of the colonies, and refused them the right of having a voice in the shaping of their destinies, and behold the result—in the complete emancipation of the country. Let Mr. Gowen and his co-adjutors heed the lesson. Upon them be the responsibility and not upon the down trodden poor who are struggling for their God given rights. The day is not far distant when he will find arrayed in solid phalanx the entire people of the region opposing his exactions. To this there will be no exception but the lick-spittles and time servers who have no interest in the region, except to pick up the crumbs that fall off the corporation table. Even now nine out of every ten of the more intelligent and public spirited men pray fervently for the down-fall of the hellish monopoly he has created, so that individual enterprise shall once more have a chance to resume sway, and cause the busy hum of varied industry to resound throughout the region. Yes, there is not an intelligent, fair minded man in the region who does not recognize the fact that so long at least as the monopoly exists a compact labor organization is a down-right necessity, because they have already the evidence to what degree Mr. Gowen and his understrappers will oppress and impoverish the mine workers without it. He told them that they would be better off without their Miners' Union, and who does not see how his treatment of the miners since its collapse has given the lie to his statement, and how much more rapidly the business community has run into bankruptcy since that time than before? And yet during a portion of the time since he has realized higher prices for coal than for some years previous. Thus while he could really have afforded to make them better off he failed to do it. Where he had promised gold he gave them stones. Did not the business men and mechanics suffer thereby also?

It is too late in the day for him to ask the intelligent business man to make common cause with him in this fight. Self-interest forbids it. Has he not but recently taken steps that will eventually close up every foundry and machine shop in the county or region and cause the owners insufferable losses, and let him proceed unhindered, and who can say that he will not ere long go into the business of selling dry goods, groceries &c. to his employees. Yes, every business, even that of the pretzel and peanut and newsboy on the street corner is in danger. The necessities of the corporation are great you know, and everything that a penny can be squeezed out of will in due time be called into service.

Are not the prophetic words of the late Benjamin Bannan, uttered

in warning of this gigantic monopoly still fresh in the minds of the people. They failed then to take warning in time to avert the catastrophe, and now they have plenty of time to brood over the mischief that came of it. The only remedy now left is combined and united action on the part of the people to enforce an equitable return for their services. The best means to accomplish this is secret association for lawful purposes, all others having failed. But Mr. Gowen objects to this, and will not tolerate it. Then it behoves the people, if they would protect themselves to refuse to tolerate monopolies. He is the embodiment of the mischief secret association of capital can do. His corporation holds its tenure only by the will of the people who created it, and the people have a right to know all the inner workings of it so as to be able to guard against anything that it may do destructive of the rights and interests of the people. He claims the right to know, and meddle with the people's business, because he exercises it; but the people, by whose sufferance alone his corporation can exist at all, must not even ask for what rightfully belongs to them, lest the creature flies to the law to punish the creators for conspiracy. He claims the right to control what is the company's own without any outside interference—that is conceded; but the people claim an equal right to watch over it and see to it that it does no longer overstep its bounds, and become a public curse instead of a public blessing; that it does not rob them of a just share of the fruits of their labor; aye, that it does not become a conspiracy itself in which event it would at once become dangerous to the very liberties of the people. The law must guarantee the same rights to associated labor that it gives to associated wealth, and it should be as jealous of the infringements of the one as the other. It is only when it fails to do this that there can be any danger to the public peace. The history of the world unerringly points out the fact that where the law failed for any length of time to remove oppression and secure equal and exact justice, something more than justice was attempted to be secured, and in some cases was secured, by means that were in many cases abhorrent even to most of those engaged in them. Monopolies are antagonistic to our free institutions, and one or the other must fall. If the people are content to let Mr. Gowen and his brother monopolists say which it shall be, the consequences be upon themselves.

Labor is the creation of God, who endowed every man with bone and sinew as his capital in life, and this capital each was to use to the extent of its capacity; for has He not said that "in the sweat of thy brow thou shalt eat bread?" This original capital in the course of time created artificial capital, which was represented in the surplus products of labor over and above what was necessary for consumption, but did not take the shape of money until thousands of years after the creation. It was but natural that at the

outstart each and every man was for himself, for it is nowhere recorded that God created some men to be the servants of others, nor that some men should live off the sweat of other men's brows. It is equally certain that the code of Christianity nowhere contains a loop-hole through which men could contrive to do this. But greed became more potent than Christianity, and no one need wonder then at the Bible saying that "it is as easy for a camel to go through the eye of a needle as for a rich man to enter the kingdom of Heaven."

Not a passage of the Holy Scriptures can be cited to authorize the establishment of inequality among men so far as labor is concerned. On the contrary, passage after passage can be quoted condemning the taking of any interest for money at all, and the oppression of labor by capital and the usuries incident thereto. For the benefit of Mr. Gowen, who appears to hold the dictates of Christianity subordinate to the interests of his monopoly, a few quotations will not be inappropriate.

"Thou shalt not defraud thy neighbor, neither rob him; the wages of him that is hired shall not abide with thee all night until the morning."—Levit. XXV. 36, 37 and 39.

"I will be a swift witness against those that oppress the hireling in his wages, saith the Lord."—Malachi III. 5.

"At his day thou shalt give him his hire, neither shall the sun go down upon it, for he is poor and setteth his heart upon it; lest he cry against thee unto the Lord, and it be sin unto you."—Deut. XXIV. 15,

And yet Mr. Gowen lets more than sixty suns go down upon the hire of the workers, and then threatens them with dire vengeance for making bold to ask for it.

"Behold the hire of the laborers who have reaped down your fields, which is of you kept back by fraud, crieth; and the cries of them which have reaped are entered into the ears of the Lord of Sabaoth."—James V.

"Thou shalt not oppress an hired servant that is poor and needy."—Deut. XXIII. 14.

"Lord who shall abide in thy tabernacle? who shall dwell in thy holy hill? he that putteth not out his money to usury, nor taketh reward against the innocent."—Psalms XV. 125.

"Every man shall eat and drink and enjoy the good of *all* his labor; it is the gift of God."—Ecclesiastes VI. 7.

"What mean ye *that* ye beat my people to pieces, and grind the faces of the poor? saith the Lord God of Hosts."

"Woe unto him that buildeth his house by unrighteousness, and his chambers by wrong; that uses his neighbor's service without wages and giveth him not for his work."—Jere. XXII. 13. The great code of Christianity even is against him.

It is needless here to recite all the means resorted to to upturn

the natural order of things, and make acquired capital the absolute master of its creator—natural capital or labor. It is enough to know that such it assumes to be to-day. It is a divine injunction that man shall “enjoy the good of all his labors,” but Mr. Gowen assumes to step in and place a restriction right here. He tells them that they must do seven million dollars worth of work per annum for the sole benefit of the bondholders who contributed not one iota to the building up of the great railroad, who have not a particle of risk in its management, and who alone are thus secured against loss even if the entire region is ruined, and the projectors of the concern are robbed of every dollar of their investments. That you, Mr. Gowen, had a right, under a despicable law, to saddle your corporation with this debt, will not be denied; but to saddle the burden upon the people who are innocent, is a power no law can give you under our constitution. This is what they are now resisting and their right to do so grows firmer just in proportion as the wrong against which they fight grows more stupendous under the management of Mr. Gowen. It is for them to decide what mode of resistance is essential to success, and after having tried almost every other means without avail, they have at last hit upon the idea of secret labor associations. Whether it is to be a failure depends largely upon the men themselves, for it can only be a repetition of the war of labor upon labor that will break it down. Capital never yet won a victory over labor, but labor always fought labor and gave the victory to capital. But labor must not fight legitimate capital except in so far as there is a disposition of greed to withhold from labor more than its just share of the earnings. Individuals or corporations who have money invested in industrial enterprises where labor is employed have a right to earn a fair percentage that will compensate them for the investment, their own labor and the risk, but everything above that belongs of right to the employees and to withhold any portion of it is a wrong for which labor has a right to demand redress. While this kind of capital is in some instances dealing unfairly, the money lender is far more exacting and inexorable in his demands. He stands alone unaffected by the general depression, except that he profits by the woes of others. Take the example of the Philadelphia and Reading corporation. The holders of the mortgage bonds step in and take away more than one-third of the entire gross receipts of the two companies, leaving to labor starvation wages, and to the stockholders nothing at all, and yet they will not abate one jot or tittle from their demand of the full pound of flesh. Does not Mr. Gowen understand that the people of the region, not having been a party to the borrowing transaction which brought this state of affairs upon him, have now a perfect right to resist the attempt to make them a party to the payment of it.

It is therefore not the public interests but his own private and corporate interests, and those of the bondholders that he has in view, when he taxes his ingenuity to fling dirt, and marshals his forces to break down the Knight of Labor in the region, because they propose to interfere with his unholy exaction of the last pound of flesh. They propose to give him to understand that since it was he who, without any fault of theirs, sunk the corporation into the mud, it is imposing to much on good nature to ask them to continue in a state of starvation and squalor, that by the fruits of their unrequited labor he may get it out again. All the fair promises he has made for the past three years have failed to feed their mouths or clothe their backs decently, and they have at last opened their eyes to the fact that they are being made to pay the fiddler who played while Mr. Gowen danced. But he is opposed to secret labor organizations, and yet he fights open ones with the same virulence. Yea, he himself belongs to one that is by many good people, who know of it to their sorrow, considered to be more despicable than any the workingmen can organize. He belongs to the Bar Association, an association of lawyers, banded together ostensibly for the purpose of securing the interests of its members, but really to secure the highest fees for their services, to exact their payment, and fleece the public generally. It is a secret organization, yet Mr. Gowen is a member of it. How does he reconcile this fact with his opposition to simular organizations among the workingmen?

But enough of this. It has been shown that the stand he occupies before the public with respect to the labor question is not tenable when sifted to the bottom. His position is a false one. The people of the region are now united against his policy. The cause of this has been explained thus far.

But the miners have special causes, a partial enumeration of which will explain to the public why there is special uneasiness among them. These may not be in all cases directly traceable to Mr. Gowen, but they are within his province to correct. The bosses will frequently overstep the bounds of their duties and indulge in acts of oppression simply to appear in a favorable light in the eyes of their superiors. There have been certain rules and regulations about the mines that had, so to say, grown up with the business itself, and which had come to be looked upon by every miner as almost indispensable to his happiness. Most of these have been ruthlessly abrogated since the corporation stepped in. One of these rules was that each inside mine-worker was to be at the mouth of the colliery so as to be ready to descend when the whistle blew, the time of starting to work, and in the evening at quitting time he was allowed to be outside, ready to start home. In other words he was not required to be inside the mine more than ten hours a day. This is changed now so as to require them to be at the facing of their work at whistle time and strike a blow immediately,

and not to leave off work until the whistle blows again, which has the effect in many cases to keep them down the mines from eleven to twelve hours per day to breathe the foul air therein.

If the men at a colliery feel themselves aggrieved by any act of the boss their complaints will seldom receive a hearing, and should they persist in complaining they will find themselves discharged, when they will soon find out that their chance for work at any other of the company's collieries is very slim, and only a promise of abject submission will secure them reinstatement. In this way the men are kept in subjection. They dare not even use the right of freedom of speech about the collieries, lest they be victimized. Men obtaining work will seldom know what wages they are to get until pay day comes. Work for which special prices were always paid by the individual operators, is not thus paid for by the company.

In the matter of contract work the greatest injustice is often done to the miners, and there is no chance for redress. Suppose one, two or more miners take a contract to drive a tunnel, gang-way or other piece of work. A certain price per yard is agreed upon. The miners hire their laborers at certain stipulated wages per day. At the end of the month the miners account is made up, and the amount due them, for the amount of work done that month, is ascertained. Then the amount of reduction below the basis for that month is deducted from the whole amount, although the contract calls for a certain stipulated price. Then instead of receiving the entire amount, out of which they would pay the laborers whom they hired, the company deducts the amount required to pay these laborers, and then deducts the percentage from their pay again. Practically this works as follows: Suppose the entire amount due for the work is \$800, and the reduction from basis wages is 20 per cent., the company deducts \$160 first, and then if there are three laborers involved at \$2 per day, and they worked 24 days in the month, which makes each one's monthly pay \$48 or a total of \$144, twenty per cent. off gives the company again \$28.80, or a total of \$188.80. Comment is unnecessary here. To these might be added very many more acts calculated to intimidate the men at the mines, but it is unnecessary to weary the reader with a recital of them.

Enough are here shown up to convince the intelligent public of the necessity of an organization calculated to obtain redress for the wrongs done. So far but one side of the story has been heard, and from what has been said uninitiated in the ins and outs of the coal region may have formed the opinion that Mr. Gowen is more sinned against than sinning; in fact that he is a persecuted angel while all the miners are incarnate devils. This much at least from his more recent paper bullets. But fortunately he is on record as paying the most glowing tributes to the good behavior of the miners.

Can he now make the public believe that the men whom he but a short time ago lauded to the world as law-abiding, self-sacrificing citizens would now combine in a gigantic unlawful conspiracy? His past utterances serve as an excellent refutation of this his trumped up charge. If he felt in the least certain that there was any show whatever of using the labor organization in his designs upon the coal trade, he would be the first to fondle and encourage it. But the edict has gone forth that it must either be united for one common purpose throughout at least the entire anthracite region or fall altogether, and thus Mr. Gowen finds that he cannot use it as a tool in shaping the coal trade for the benefit of his corporation. Hence his animosity and expressed determination to suppress it.

This he cannot do unless the miners repeat the folly of fighting each other. As a matter of course every device to set them at loggerheads will be used. National prejudices and jealousies will again be stirred up, as they have been among the successful means to drive them apart heretofore. Even the matter of religion is not considered too sacred to be dragged into this foul play. By these means they are kept from uniting on the main question of their rights and interests, and become the easy prey of the rapacious corporation managers. It is Irish against Welsh and English, Germans against Irish, Welsh against Germans, Catholics against Protestants and Protestants against Catholics and so on, amidst which the leading matter or labor against the unjust exactions of the corporations is almost entirely lost sight of, and labor drudges on in servile subjection to whatever terms the masters may impose. In this way labor is made to present a divided front, while capital is united as solid as a rock, as against labor. Until labor is equally united upon a just basis there can be no equitable adjustment of the labor question, and the clashing of incongruous elements must continue to harrass both capital and labor.

MR. GOWEN'S FINANCEEING.

Mr. Gowen's dishonesty towards the stockholders, as well as the mining community, has been alluded to heretofore, and to show that he has been as successful in blindfolding the former as in impoverishing the latter, some figures and facts are here subjoined from which we invite Mr. Gowen and his subsidized press to get away if they can. Any one who will go to the trouble to wade through his annual reports for the last ten years will find that he has displayed a great deal of ingenuity therein, not in an attempt to give a plain, unvarnished and understandable statement of the accounts of the company, but to befuddle, bewilder and mislead the stockholders and the public. The London Times, speaking of this, says :

“It” (the report for 1877,) “does not add much to what we al-

ready know, although it extends to about 130 pages, exclusive of an appendix, and is plentifully sprinkled with tables of all kinds, many of which are altogether superfluous. We have endeavored to make up some kind of table, from the balance sheets of the recent past years, of the debt of the company, but find the accounts so overlaid with all sorts of items hard to put a meaning on, that we cannot be sure of its absolute accuracy."

It then tries to trace the floating debt, but being unable to do so adds: "From what we now know much of this kind of account-keeping is mere fiction, because, for one thing, these 'debts due the company' are proving, and have proved, to be bad debts. Every year the bonded debt has been swollen, partly to cover these bad debts; and to enable it to pay dividends and interest there has been a fresh shuffle and a fresh concealment of yawning deficits until now we find the management of the company compelled to confess that they have reached the end of their tether."

Further on, in speaking of this piling up of the debt and the manner it was done, it says:

"*It is a sad history*, of which we give but the briefest outline, full of the most disastrous results to the credit of American rail-ways and enterprises in England. *A record of prolonged folly and deception*, such as these Reading accounts reveal, must have the effect of debarring people from investing money in the States."

The London World, London Bullionist and London Telegraph, speak in the same strain, and if Mr. Gowen finds any consolation in having his management characterized by the leading English papers as a gigantic swindle, he is welcome to it.

But was the enormous debt thus contracted of legitimate growth? Was the money all spent in the purchase of valuables? We will see. The loss of the Coal and Iron Company in five years, from 1871 to 1876, was \$15,088,259.57. In all these years the operations of this company were not reported, so that this loss might be concealed and the public be induced to invest their money through Mr. Gowen's glittering generalities, in his attempt to make believe that the greatest wealth was to be forthcoming out of this pet side-show of his. In the same five years he paid in dividends to the stockholders \$18,040,264.32, while the net earnings or profits of the two companies were but \$2,347,680.37, showing that he actually paid \$15,692,583.95 of dividends with borrowed money. But among these net profits are two items that are somewhat suspicious. One is balance of cost of rebuilding Columbia dam, \$100,000. This money was actually spent and not charged in the books, but carried over as an asset. This shows that Mr. Gowen counts his profits on paper even if they have no existence in the cash box. "Jakey Huntzinger," the defaulting bank cashier, who is now serving a term in jail, used to do that too. The other item is \$393,732.40, as profit on land sold by the Railroad company to the Coal

and Iron company. Think of it; the Railroad company making a profit on land it sells to itself; for the two companies are to all intents and purposes one and the same thing. Here is another transaction for the like of which "Jakey Huntzinger" and some of the presidents of the bogus New York insurance companies are in jail. It is an offence punishable with fine and imprisonment, for a corporation to pay dividends with money not legitimately earned, and yet here is Gowen paying out \$15,692,583.95 of such illegal dividends. It is evidently time for somebody to tell him to behave himself, or send him to jail to give him a taste of how other decent people take such threats.

When direct charges involving his integrity were made against him, he pretended to court investigation, but afterwards used every subterfuge to get out of it. The London World, in speaking of this, and commenting on the fact that Gowen considered himself justified because the investigating committee resigned, and failed to avail himself of the privilege of calling a special meeting on 20 days notice so that another committee could be appointed, says: "this little game of postponement for another year does not look as if he were in earnest. Mr. Gowen is a lawyer, and if he succeeds he will be the ornament of his profession as the artful dodger."

It will be seen that between the losses of the Coal and Iron Company and the payment of dividends with borrowed money the debt took upward strides rather rapidly. Add to this the premiums paid for placing the bonds, the premium on gold on foreign transactions, the losses on leased lines of railroad and canals, and you will find that probably one half of the entire debt was contracted through actual mismanagement. Mr. Gowen has undertaken too much. He leased the Susquehanna Canal, which has caused a loss every year since, which, when the loss on the Schuylkill Canal is added, will run into the millions for the whole time since the lease. The former canal could never be any use to the company. When Mr. Gowen, about a year ago, asked the State of Maryland for a modification of the terms of the lease so as to afford him some relief from the burthen the lease imposed, the authorities of that State seriously debated the proposition to give him the Canal as a gift, give him something for taking it, and then call it "good rid-dance to bad rubbish." This, however, is not the only instance of his taking other people's rubbish and paying dear for it. In 1876, as the result of some devious money transactions, 14,850 acres of wild land in Potter county got into the company's hands; at what price no one knows as yet, for he has so far studiously avoided mentioning it in his reports, and few people know of it except through newspaper reports. There is one phase of this transaction which, to say the least, looks suspicious. It will be remembered that some years ago a despicable attempt was made to pass through the legislature at Harrisburg a bill to take the \$9,000,000 out

of the State Sinking Fund and give them as a subsidy to a railroad that was to pass through or near the above lands. The parties from whom Mr. Gowen got these lands were strongly suspected of belonging to the ring that originated this gigantic "nine million dollar steal." Was he too in that steal? Did he get his fingers burned and then tried to take the fire out with the company's money? If all is right about it why not put it into the annual report? But at the time these lands were bought for the company it had a floating debt of nearly \$8,000,000, which, the managers said, arose from the bad character of the business of the year 1876. What does this bad character of the business consist in? Did he make it so, or did it come of its own volition? Buying land in Potter county 100 miles away from the extreme point of the Reading road, at a time when the funded and floating debts were already an elephant on his hands, and were still growing rapidly, is certainly a bad piece of business that did by no means come of its own volition. It is an extravagant piece of business for which there is no excuse, and illustrates Mr. Gowen's superior (?) abilities as a financeer to a nicety.

Among the other great causes of the enormous increase of the debt was the premiums and commissions on the sale of bonds, out of which the banking house of McCalmont Brothers & Co. made \$3,000,000 in the five years from 1871 to 1876, although they controlled the sale of but a portion of the bonds. If the same rates of commission were allowed on all the bonds sold, the amount of money thus sunk cannot be short of 6 to 8 million dollars. Hence between the losses of the Coal and Iron Company, the dividends paid with borrowed money, the losses on leased lines, and these commissions, it can safely be said that about one half of the entire debt was contracted through folly and mismanagement, and the company has to day nothing of value to show for it; but the interest has got to be paid nevertheless, and is sucking the life-blood out of the company, and through it, out of the coal region, and all the rest of the company's customers. What has been bought for the actual cash left over by these extravagant transactions has so far depreciated both by virtue of the general business depression and the running down of machinery, &c. by enforced economy, that the real present value of the assets is not much more than one-half of the nominal capital of the company which is about 120 million dollars, even if the Potter county lands, the Susquehanna Canal and the valuable land out of the sale of which to the Coal & Iron Company, the Railroad company made \$393,732.40, are all thrown into the bargain.

A few years ago the writer of this stated through the public press that the Reading corporation was an English concern. Mr. Gowen took umbrage at this, and in his next annual report went for the newspaper scribblers lively, calling them liars. But he knew very

well that he only squealed because the shoe fitted, and that he was himself the falsifier. The London World of October 8th, 1878 says: "There has been a widespread idea that the Philadelphia and Reading was an old-fashioned Quaker concern, energetically supported by Philadelphians; but nothing could be well further from the truth. It is now over forty years since it was organized, and almost from the outset it was under English control."

Will he dare to deny, without his usual "ifs" and "buts," that he has been the cat's paw of McCalmont Brothers & Co., of London, who in return for his faithfulness in furthering their interests and following out their behests, have kept him in the position he now occupies; notwithstanding the terrible charges that were made against him, and the opposition that came from other leading stockholders? This they could do because they held nearly, if not quite, one-third of the stock and controlled enough to hold the balance of power, so that with the additional aid of his cronies and proxies in this country, Mr. Gowen is fortified in his position. It is even hinted that the relationship between these parties is such that it is to their interest to hide the facts. But like the Hunting-
ing game it cannot last always. It will no doubt interest the public to know how the McCalmonts came to be interested in this corporation. Almost from its inception the road became the prey of New York speculators, owing to the refusal of the steady Philadelphia Quakers to go into it. Early in 1837 one of these speculators drew a bill of exchange for \$15,000 on the Baring Brothers of London, attaching to it the Reading script as collateral security. This bill was sold to John Gihon & Co., of New York, who remitted it to their London correspondents, the McCalmonts. The Barings refused to accept it, the drawer failed, and the McCalmonts got saddled with the bill, and from that on both they and the Gihons went deeper and deeper into the Reading. It was the McCalmonts who were Gowen's principal backers in the grand scheme of the Coal and Iron company, and having once got their fingers burned, tried since every possible subterfuge to hide the dark side of the picture, Micawber-like "hoping for something to turn up" that shall by accident bring out the concern as the El dorado or Bonanza they had made the investors believe it would be. It is a notorious fact that every statement of the company's business, which are regularly sent to the McCalmonts, that contained anything unfavorable, was by them stuck into a pigeon hole never to appear again in daylight, while candor required that it should be published for the information of the investors and the public, and thus Mr. Gowen was enabled from time to time to go to England, and through his powers to distort facts, and make black appear white, to draw additional loans out of the green Englishmen, who were too verdant to ask why, if this thing was so full of riches, the monied men nearer home did not go into it.

The promises from time to time made that the next report would show a better state of affairs, have never been fulfilled. Up to the end of 1872 the losses of the Coal and Iron company more than counterbalanced the profits of the Railroad company, notwithstanding the favorable state of the coal trade. It was then stated that this was owing to the heavy purchase of lands &c., and the low price of coal, although it is well known that the price of coal was remunerative to at least some of the individual operators, and should certainly have been so to the company for which special advantages in mining &c. were claimed. But the purchases of lands &c. should not have interfered with the profits of the company because the sale of bonds kept pace with them, and there is no evidence that any of the receipts of the company were applied to this purpose. If they had it would show the debt account in a still worse light. The alternative was now presented to Mr. Gowen of breaking his promise to the public to use his charter to create a competitor for the other companies, and thus, through the advantages of the corporation, secure cheaper coal to the public, or appear to the stockholders as a bad manager, whom he had promised big dividends from the concern. It was safer to take the former risk than the latter for the matter of a \$30,000 salary was involved, with which the former could not so easily interfere. Hence we find him making overtures for a Coal Combination with his competitors, which were successful in the early part of 1873, and by this scheme the price of coal for that year was advanced \$1.20 above the 1872 price. In 1874 the price was further advanced 13 cents per ton, making the rise \$1.33, and in 1875 and the first half of 1876 the prices ruled about the same, but as no report of the company's business was made in all these years it was difficult to say whether there were profits or losses, though it has since transpired that the profits were all on the wrong side of the ledger. What became of all the money thus realized from the advances of coal is a mystery, which is not at all appearing favorable to the management when the fact is added that during all that time both miners wages and mining material declined considerably, thus making the realizing of profits all the more easy.

About the middle of 1876 Mr. Gowen suddenly awoke to the fact that the Combination was a losing operation for his company, and on the plea of the violation of its terms by some of the other parties to it he caused its disruption. He now for the first time reported a loss of over \$2,000,000 and attributed it to the combination, and one should suppose that he would now keep his fingers out of them. He told the stockholders that in the future he would rely upon open competition, and a large yearly business to bring forth a profit. He accordingly tried this in 1877 and was again compelled to report a loss at the end of the fiscal year—this time of \$163,451, making a total for '76 and '77 of \$1,519,151.

Once more he floundered around in the sea of circumstances and relied upon the idea of a combination. One was formed for 1878, and to show his extraordinary smartness we need only refer to the fact that in fixing the quotas for the different companies he allowed himself to be chiseled out of 11 per cent. of his share. This is explained as follows: The total production of anthracite in 1877 was 22,000,000 tons and the Reading's shipments was 7,255,318 tons. By the compact of 1878 the reduction in total production was 2,000,000 tons, or little more than 9 per cent., and the apportionment to the Reading was 6,712,515 tons, a reduction of 1,542,818 tons, or over 20 per cent.

This was a serious loss to the entire region, and didn't operate much better on the company's ledger accounts, as we find that he reports a cash deficit of the operations of both companies of \$824,950.04 for the year 1878. The following from his annual report for the year will show what kind of a "stand and deliver" policy he is pursuing:

"This, (the above) cash deficit has been supplied by withholding for three months the salaries and wages due to the officers and employees of the railroad company, which arrears have recently been liquidated by payment in wages certificates, the amount of which outstanding practically represents a loan from the employees of the company to enable the latter to meet the cash deficit in its operations for the year."

He will soon rival the Mexicans for making forced loans, and if he does not go down in history as the *boss financial bulldozer* it will not be his fault.

But he went from combination to competition from one extreme to the other, backward and forward, only to find that all the promises he had made in advance were ruthlessly spoiled. He has no fixed policy. He throws himself entirely at the mercy of circumstances, and trusts to luck to lead him out. Is there anything smart in that, or does it show any display of extraordinary genius? "Jakey Huntzinger" dazzled the people with an outward show of ingenuity as a banker and inward rottenness, but when the shell broke what a stench came therefrom. It was then only discovered that he had a bad sort of genius. Like Mr. Gowen he may not have started out with any bad intentions, but wildcat speculations led him from bad to worse until they hurled him into the vortex of ruin.

The employees of the company were certainly no willing party to the above transaction; but submitted to it from sheer necessity. But how much relief did Mr. Gowen get from it? It is only a stay during the period of which the burdens will increase, and he will be still less able to meet the obligations.

To show how this scrip arrangement works, a brief history of the

different issues of scrip, and how they work, is here given from the Philadelphia Record of March 1, 1878:

First issue—Scrip to the bondholders, payable in five years from July 1, 1877, *not* receivable for tolls, chiefly held in England, the market value of which is 49@50 cent.

Second issue—Scrip for wages, payable April 15, 1879; receivable immediately for all debts due the company; denomination, \$10; market value, including accrued interest, about par.

Third issue—Scrip for wages, payable May 15, 1879; receivable immediately for all debts due the company; denomination \$10; market value, including accrued interest, about par.

Fourth issue—Scrip for wages, dated February 24, 1879; payable August 23, 1879; receivable immediately for all debts due the company; denominations, \$5 and \$10; market value, 99@99 $\frac{1}{4}$.

The company will obtain great relief from one feature in the fourth issue, as compared with the others. The denomination of \$5 will enable them to pay all debts exceeding \$5 and less than \$10 in scrip, which, before this issue, had to be settled in cash.

The scrip business becomes burdensome, however, in some cases. For instance, grain shipped from Chicago, which runs over the Reading road less than one-twentieth of its mileage, pays its entire freight here in the above shinplasters; whereas the Reading road must settle with its connections for their pro rata in gold or its equivalent.

Thus he is twisting and turning to get out of the bad box he is in, and with every twist and turn he gets in deeper. It must now be acknowledged that every time he has come in contact with the other coal magnates, either as associate or opponent, he has been worsted, and how, under these circumstances, he is able to preserve his great fame as a manager is a mystery.

When he got into his last straits why did he not go to England for more money? He had the very best of reasons. His last financial transaction there was the straw that broke the camel's back, and his principal backers there, the McCalmonts, have retired from active business, having transferred their American correspondence to the house of Baring Brothers & Co., and there was reason to believe that were he to show his face there he would see the inside of a prison in short order. His last experience there was already a stormy one, and since that the leading English papers have so raked up his career that he will scarcely soon again venture into John Bull's bailiwick. As misery loves company this may account for his fondness of late of trying to make other good people too afraid of the vengeance of the law.

When in the spring of 1877 he went to England to obtain relief to enable him to bridge over the floating debt, which was then about \$8,000,000, he offered a scheme by which he promised to reduce the floating debt to the amount of relief he would get, and

thus induced the bondholders to defer their claims to the drawing for four years, and the holders of the general mortgage bonds to accept scrip convertible into income bonds for half the amount of their coupons. He further told them that the bondholders in America had unanimously agreed to accept the scheme. He immediately caused it to be published in this country that the Englishmen had also unanimously agreed to it. So far was this from the truth that even to this day more than one-third of them have refused to have anything to do with the scheme. But what relief did it offer. It only deferred a debt of \$8,157,165 by piling another one on top of it, and increasing the interest burden nearly, if not quite, one million dollars per annum, and when the limit of the scheme is reached how much nearer will he be to paying it than he was at the beginning? But how did he redeem his promise to reduce the floating debt by at least the amount of relief they would give him? The immediate relief he got was \$1,423,707, and yet the floating debt was only reduced \$60,075, and this notwithstanding the receipts from the sale of personal property and advances on coal and iron &c. about that time amounted to over \$800,000. Here he borrowed from the bondholders and his customers at the same time, and yet failed to keep his promise to the former of reducing the floating debt, and since that it has fluctuated between \$7,793,604.11 at the highest to \$6,419,003.38 at the end of November, 1878, which latter is only \$316,052 less than it was at the time relief was given. Can such management be called a success?

Another transaction deserves mention here. The income mortgage of the company was created December 1st, 1876. In it is provided that on default of the company to pay the coupons or interest, "Mr. Edwin M. Lewis is, on the request of the holders of one-tenth the amount of bonds outstanding, to be appointed receiver." Why this picking out of a receiver so far in advance, and why give such a small minority of the bondholders the right to pick, when it is usual to give that right to the majority? Did Mr. Gowen intend to take time by the forelock to lay the wires to cover up his tracks? The London World reports a rumor that an arrangement was entered into between Mr. Gowen and Mr. Lewis, "to the effect that his—Mr. Lewis'—position shall in that case be purely nominal, and that Mr. Gowen shall himself be the acting receiver," and it then threatens that any such sinister arrangement will surely be upset.

Above was alluded to the fact that the firm of McCalmont Brothers & Co. made in five years \$3,000,000 on the sale of Reading bonds. On the whole their agency of this company for England was a profitable arrangement for them for a number of years. But the fatal day came. In the latter part of 1876 when the shares had run down from 55 to 44 dollars, they placed 50,000 shares of the

208,592 they owned, and \$500,000 in cash at the disposal of Mr. Gowen and one of the directors of the company, for the purpose of bulling the market. The scheme was unsuccessful, however, and 45,134 of the 50,000 shares together with the entire amount of cash were swamped, occasioning a loss of \$2,756,700. The firm still own 158,458 shares, the decline in the market value of which, from the highest point to the present, represents a loss of \$6,655,236; showing the loss on Reading to this firm amounts to \$9,411,936. This was the fruit of going into the coal and iron speculation against the advice of the two former presidents of the company—Messrs. John Tucker and Charles E. Smith.

Mr. Tucker was president from 1840 to 1857, when he was succeeded by one Richard D. Cullen, a tool of the English stockholders or more properly speaking, the Messrs. McCalmont. In 1860 they were glad to get rid of this overbearing Englishman, and Mr. Asa Whitney took the presidency until July, 1861, when Mr. Charles E. Smith was prevailed upon to take it. He retained it until 1869 and was the only Quaker who ever held it. Under his management the finances of the company were gradually put upon a healthy footing and for the first time in the history of the company confidence in its soundness was established. It was a sorry day for the company and the coal regions when ill health compelled him to relinquish the place.

In his last annual report Mr. Gowen says: "Three years of ordinary earnings in fair times would enable the company to resume dividends." This is attended with some risk, however, for if he has three years more like the five preceding ones he will be so far removed from paying dividends that five years of the very best of times will not enable him to pay any. It used to be said, before the war, that there was as much money sunk in the coal business as was made out of it, and there was some truth in it, as very few operators grew rich and fewer still survived the panic of 1857, and yet in those times the workings were mostly above water level and therefore far less expensive. During the war money was made in the business because of the uncommon high price of coal; an enormous quantity of coal was mined and the end of the war found most of the collieries sunk below water level and more expensive. This is one of the drawbacks to Mr. Gowen's fond anticipations. Another is the enormous interest to be paid by the company, and still another is the too great producing capacity for the demand. In fact, unless the demand increases at least 50 per cent., it will fall short of the producing capacity of the mines now open. Hence the market will either always be overstocked and the prices be accordingly low, at least until the demand grows up to the production, or there must be suspensions to restrict the production to the demand, which we have seen is always injurious to all concerned in the trade. But what guarantee is there that the opening of new

works will cease until the demand and productive capacity are equal, so long as the rivalry between the different companies continues? There is therefore little encouragement for the stockholders in this statement of Mr. Gowen. They would no doubt be much better satisfied if he could have fixed a period for these fair times to come, and it is certain that the suffering people of the Schuylkill region would hail such a statement with delight.

Should the company ever decide to fall back upon the plan of being simply a landlord, leasing its collieries and lands &c. to individuals, it could not realize expenses for a time at least. Under the most favorable circumstances it could not realize for some time more than \$2,400,000 from royalty on the coal lands, and perhaps \$150,000 more from other sources; making a total of \$2,550,000. Its interest payable is not less than \$1,088,086.46 per annum, besides what is due to the Railroad company, and its other expenses would not be less than \$250,000 per annum, making its total annual payments \$1,338,086 at least, leaving but \$1,212,000 to re-imburse the Railroad company for the heavy outlay of interest on its account. But the difficulty here would be that few individuals would care to take leases except, perhaps, upon terms that would not realize the above income to the company. At any rate it would first be necessary for the company to rid itself of the useless lands and other properties with which it has been saddled, and which now, and always will, entail a loss upon it. If it could do this at the price it paid, and the money would be applied to pay the debt, and the Railroad could get rid of the losing leased lines, it could then hope to retrieve its fortunes. As a coal operator it never will succeed. To secure tenants for the collieries the Railroad must inaugurate a policy of protection to them.

At cooking up accounts Mr. Gowen is an adept. On November 20th, 1876, a committee appointed to investigate his accounts made their report of which a pamphlet recently published in London says: "They discovered that on several occasions the principal items of floating debt were on the last day of the fiscal year transferred to the Coal and Iron Company, so that they would not appear in the annual reports of the Railroad company, and then, subsequently, re-transferred to it. The clerks, alarmed at making these cross-entries, always added 'per direction of President Gowen.'" This report was, through the instrumentality of Messrs. Gowen and Borie, refused to be recorded on the minutes. How the accounts were cooked in his last annual report is shown by the following statement from the Philadelphia Record, of February 17th, 1879:

We have intended for some time to allude to the main points that attract attention in the last report of the Reading Railroad Company, issued under date of January 13, 1879. We find that the general result from the face of its accounts is as follows:

Loss on railroad business, see page 18.....	\$ 832,047 34
To which should be added balance of sinking fund of year 1876, erroneously credited as a profit for 1878, see page 17	199,364 45
 Total loss on running the railroad.....	\$ 1,031,411 79
Loss on the Coal and Iron Company for in- terest, see page 18.....	\$ 1,088,086 46
And for working expenses, see page 18.....	752,049 14
 Total loss of the Coal and Iron Company.....	1,840,135 60
 Total loss of both companies for the year.....	\$ 2,871,547 39
The floating debt November 30, 1877, per report of Janu- ary 14, 1878, of the Railroad Company (see page 39) was..	\$5,501,999 95
And of the Coal and Iron Company (see page 100).....	634,982 51
 Total of both per report of last year.....	\$6,136,982 46
The report of this year (page 19) states the floating debt, November 30, 1877, to have been.....	6,320,329 49
 Showing a mysterious discrepancy between two statements of the floating debt on the same day of.....	\$183,347 00
There are several other singular problems worked with this "floating debt" which we have shown as above to have amounted for both com- panies per report of	
November 30, 1877, to	\$6,136,982 46
And per this year's report on November 30, 1878, to have amounted to	6,419,003 38
 Showing an increase during 1878 of.....	\$282,020 92
 By reference to page 20 we find that the "ordinary floating debt," due January 11, 1879, was.....	\$6,710,513 91
And that the outstanding scrip was.....	517,710 00
 \$7,228,223 91	
The floating debt on November 30, 1878, as seen on page 19, was.....	6,419,003 38
 Which exhibits an increase in the floating liabilities of the company in six short weeks of.....	\$809,220 53
 In the report of last year, at page 20, it is said that before the expiration of the coming year the floating debt will be further reduced to the extent of very nearly.....	\$2,000,000 00

'no matter what may be the prices obtained for coal or the rates received for transportation."

The floating debt, November 30, 1877, was....\$6,136,982 46

The floating debt, January 11, 1879..... 7,228,223 91

Increase of floating debt for the year..... \$1,091,241 45

Difference between the estimate and the performance..... \$3,091,241 45

Another item shows among the assets of the company
"stocks and bonds held by the company," on page 39 of
this year's report, to be..... \$6,907,811 06
And on page 38 of last year's report, to be..... 5,169,425 29

Increase..... \$1,738,385 77

which means that although the companies lost during the year, as demonstrated above, \$2,871,547.39, yet they were able, according to the accounts, to *invest* \$1,738,385.77 in additional stocks and bonds, notwithstanding which the report suggests (page 29) that the securities held by the company should be sold to pay the floating debt.

To close, the following article from the Shenandoah (Schuylkill county) Sunday News of December 8th, 1878, is quoted, as its language hits the nail square on the head :

"DYING HARD.—Whatever may be said of the recklessness and incapacity of the management of the Reading road, it must be conceded that at the eleventh hour it is making a desperate struggle for existence. No means, lawful or illicit, are left untried, and the press of the city having been bribed into silence, not a voice is heard to protest against the practical course of the great attorney, whose name is in every mouth, but whose praises few will sing.

Aut Caesar, aut nulles. Mr. Gowen has wielded for years past a power which should be inconsistent with republican institutions ; he has squandered the millions which his splendid abilities have placed at his disposal, and now when all his resources are spent, when he must face his utter ruin, he cannot resign himself to relinquish his hold upon our region, and will not acknowledge that he has played his all and has lost the stake.

From bad to worse ; on his return from Europe he published a circular, which we have seen at every station, thanking his employes for their fidelity, assuring them that the payment of their earnings would be, as indeed it should be, his first care.

The pledge has not been kept. Printed orders, promising to pay, are hawked about in all the cities and are bought at their own price by the money brokers. These orders represent hard work honestly accomplished. If Mr. Gowen wishes to soar to sublime heights in the way of

railroad financiering, all that remains for him to do will be for him to fund the wages of his employes for, say five years to come, and issue scrip to them with interest coupons attached. He can then enumerate the unissued scrip of this kind as an asset at the next annual meeting. In order to keep afloat a little longer—for it is only a question of time—Mr. Gowen has all but ruined the few operators whom he has not yet succeeded in driving out of the business. His tolls this year have been prohibitory ; this has established a low price for coal, and has kept up the wages at the mines. In the matter of the car supply the operators have been compelled to submit to most shameful discrimination, and their appeals for redress have been in vain. In this connection we recall Mr. Gowen's open letter, written shortly after assuming the reins of government, in which he stated that the success of his road depended upon the individual enterprise of the operators, and promised them his fostering care. Mr. Pecksniff could not have held himself more immaculate, and could not have been more insincere.

From first to last every one has been deceived. On the strength of the splendid income to be derived from the property—coal and iron ore lands, railroad and improvements—the President of the road has succeeded in borrowing money from banks and bankers, shippers and visiting financiers. The men who have so foolishly upheld him fear that they will be engulfed in his downfall, and are still supporting him. However, it cannot last. Before very long Mr. Gowen's backers will realize that they have been deceived, and will decline to become still further involved. The ruin then, for having been so long delayed, will be the more complete, and the man who in another field might have won fame and lasting honor will have alienated, by his unscrupulous abuse of the powers he has wielded, the sympathies of those who were wont to hold his magnificent abilities in unquestioned admiration."

